



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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March 7, 2005

TO: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **PENNY LANE CONTRACT REVIEW – DEPARTMENT OF MENTAL
HEALTH**

We have completed a contract compliance review of Penny Lane (Agency), a Department of Mental Health Services (DMH) service provider. It included a review of the Agency's billings to DMH for May and June 2004. This review was conducted by the Auditor-Controller's Countywide Contract Monitoring Division.

Background

The Department of Mental Health (DMH) contracts with Penny Lane, a private, non-profit, community-based organization, which provides services to children and their parent(s) who reside in Mental Health Service Planning Areas (SPAs) One, Two, and Seven. Services include interviewing program participants, assessing their mental health needs, and developing and implementing a treatment plan. Our review focused on the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) service, which is Medi-Cal's comprehensive and preventive child health program for individuals under the age of 21. At Penny Lane, the EPSDT billable services include Mental Health Services, Medication Support Services, Targeted Case Management Services, Day Rehabilitation, and Therapeutic Behavioral Services. Penny Lane's headquarters is located in the Third Supervisorial District.

For our review period, DMH paid Penny Lane \$101.96 for each day that a client participated in its Day Rehabilitation program. DMH also paid between \$1.46 and \$4.05 per minute of staff time (\$87.60 and \$243.00 per hour) for other services. For Fiscal Year 2003-04, DMH paid Penny Lane approximately \$10.2 million in EPSDT funds.

"To Enrich Lives Through Effective and Caring Service"

Purpose/Methodology

The purpose of the review was to determine whether Penny Lane was providing the services outlined in their contract with the County. We also evaluated whether the Agency achieved planned service and staffing levels. Our monitoring visit included a review of a sample of Penny Lane's billings, participant files, and personnel and payroll records. We also interviewed staff from Penny Lane and interviewed a sample of the participants' parents, legal guardians, social workers, or probation officers.

Results of Review

Overall, Penny Lane provided the services outlined in its County contract. Penny Lane used qualified staff to perform contracted services, and the participants' parents, legal guardians, social workers, and probation officers interviewed stated the program services met their expectations. We also determined that participants were eligible to receive services.

Penny Lane did not sufficiently document all eight days of Day Rehabilitation services sampled. The amount of Day Rehabilitation services that the Agency did not sufficiently document totaled \$816. In addition, Penny Lane did not obtain written authorization from DMH to allow the Agency to shift the types of services offered, as required by the County contract.

We recommend that Penny Lane management maintain proper documentation to support the services billed to DMH. We also recommend that Penny Lane submit a written request to DMH's Director and obtain written authorization before making substantial deviations from the planned services described in the contract. We have attached the details of our contract compliance review, along with recommendations for corrective action.

Review of Report

On December 6, 2004, we discussed the results of our review with Penny Lane. In their attached response, Penny Lane agrees with the findings in our report and describes their procedural changes to address our recommendations.

We thank Penny Lane management for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC
Attachment

c: David E. Janssen, Chief Administrative Officer
Dr. Marvin J. Southard, Director, Department of Mental Health
Ivelise Markovits, Executive Director, Penny Lane
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee

**COUNTYWIDE CONTRACT MONITORING REVIEW
EARLY AND PERIODIC SCREENING, DIAGNOSTIC, AND TREATMENT SERVICE
FISCAL YEAR 2003-2004
PENNY LANE**

BILLED SERVICES

Objective

Determine whether Penny Lane provided the services billed in accordance with their contract with DMH.

Verification

We selected 11,591 service minutes from 675,197 service minutes that Penny Lane billed DMH for May and June 2004 and reviewed the participant files for documentation to support the services billed. We also selected eight service days from 248 service days billed by Penny Lane during the same period and reviewed the Day Rehabilitation sign-in sheets, staff timecards, and participant files for documentation to support the services billed. Progress Notes are required for services billed by the minute and a Weekly Summary is required for services billed by the day.

In addition, we reconciled an additional 2,782 service minutes and 30 service days billed to the Progress Notes and Weekly Summaries.

Results

The billings for the service days and minutes sampled reconciled to the Weekly Summaries and Progress Notes maintained in each participants' chart without exception. However, Penny Lane did not fully document eight service days (100%) and 240 (2%) service minutes, as required by the County contract. Specifically, we noted the following:

- For seven (88%) of the eight full days of Day Rehabilitation sampled, the sign-in sheets indicated that the sessions lasted the required minimum number of hours. However, the timecards for staff who were conducting the sessions indicated that staff signed out an average of 46 minutes before the sessions reached the minimum number of hours to qualify for a full-day billing.
- For all eight service days sampled, the Weekly Summary report did not include the name or signature of the employee(s) that provided the service, as required by the County contract.
- For four (50%) of the eight days sampled, the Weekly Summary report did not document what was accomplished towards the client's goal(s), as required by the County contract.

- For 150 minutes sampled for Targeted Case Management Services, the Progress Note did not describe placement, consultation, and/or linkage, as required by the County contract.
- For 90 minutes sampled, more than one staff was present during an intervention. However, the Progress Note did not describe the specific contribution of each staff person, as required by the County contract.

The total number of days cited above exceeds the number of billings sampled because some of the billings contained more than one deficiency. The amount of services that Penny Lane did not sufficiently document totaled \$1,215, of which \$816 related to Day Rehabilitation Program services.

Recommendation

1. **Penny Lane management maintain sufficient documentation to support its compliance with contract requirements.**

CLIENT VERIFICATION

Objectives

Determine whether the program participants actually received the services that Penny Lane billed DMH and whether participants were eligible to receive services.

Verification

We sampled 20 program participants to interview their parent, legal guardian, social workers, or probation officer and confirm that the participants are clients of Penny Lane and that they received the services that the Agency billed DMH. We also reviewed documentation in the participant files to determine whether participants were eligible to receive services.

Results

Each parent, legal guardian, social workers, or probation officer we contacted indicated that his or her child was a client of Penny Lane. Documentation in the case file supports the participants' eligibility. In addition, the individuals that we contacted stated they were satisfied with the services that Penny Lane provided to the children.

Recommendation

There are no recommendations for this section.

STAFFING LEVELS

Objective

Determine whether staffing levels are consistent with the staffing levels and ratio requirements indicated in the County contract. Contractors are required to maintain a 1:10 ratio of the number of Qualified Mental Health Professional (QMHP) staff to the total number of clients in its Day Rehabilitation Program.

Verification

We selected 10 days that Penny Lane billed for its Day Rehabilitation program and reviewed the staff/client sign-in sheets and staff timecards for May and June 2004.

Results

We were unable to determine whether Penny Lane maintained the required QMHP staff to client ratio in its Day Rehabilitation Program. The Agency maintains staff/client sign-in sheets to document its compliance with staff to client ratio requirements. However, for seven of the eight days of Day Rehabilitation sampled, the information listed on the sign-in sheets conflicted with the information reported on the staff's timecards. In addition, for one Day Rehabilitation session, the sign-in sheet indicated that one staff present but the staff's timecard reported that he did not work that day.

Agency management could not determine how the discrepancies occurred or provide documentation indicating that QMHP staff may have provided services but did not sign the sign-in sheets. Penny Lane management should ensure that QMHP staffing is adequately documented for the Day Rehabilitation Program and that the required staffing ratios are maintained.

Recommendation

2. **Penny Lane management ensure that QMHP staffing is adequately documented for the Day Rehabilitation Program and that the required staffing ratios are maintained.**

STAFFING QUALIFICATIONS

Objective

Determine whether Penny Lane's staff meets the qualifications required by the DMH contract.

Verification

We selected 10 Penny Lane treatment staff and reviewed each staff's personnel file for documentation confirming their qualifications. In addition, we reviewed the qualifications of each staff person that performed the service in our sample of billed services.

Results

Each staff selected possessed the required education, work experience, and required licenses.

Recommendations

There are no recommendations for this section.

SERVICE LEVELS**Objective**

Determine whether Penny Lane's reported service levels for Fiscal Year (FY) 2003-04 did not significantly vary from planned service levels identified in the DMH contract.

Verification

We obtained a report of EPSDT billings from the State Explanation of Balances data for FY 2003-04 and compared it with the Agency's total EPSDT contracted level of service identified in the contract for the same period.

Results

Penny Lane operated within its overall contracted service levels of \$10 million. However, the actual service levels for specific service categories varied significantly from its contracted service levels. For example, Penny Lane provided 64% (\$413,000) less Day Rehabilitation services and 83% (\$220,000) less Day Treatment services than contracted to provide. During the same timeframe, the Agency exceeded the contracted amount for Therapeutic Behavioral Services (TBS) levels by 28% (\$318,000) and Targeted Case Management Services by 25% (\$117,000).

Agency management indicated that they did not meet its contracted service levels for its Day Rehabilitation and Day Treatment Programs because they did not have enough qualified staff to deliver the services described in the contract. The Agency also explained that the increases in TBS and Targeted Case Management Services were due to higher referrals.

Although we recognize the value in providing these services, Penny Lane needs to submit a written request to DMH's Director and obtain written authorization before making substantial deviations from the planned services described in the contract, as required.

Recommendation

- 3. Penny Lane management submit a written request to DMH's Director and obtain written authorization before making substantial deviations from the planned services described in the contract.**

Penny Lane ●

February 10 2005

J. Tyler McCauley
Auditor-Controller
Los Angeles County Department of Auditor-Controller
1000 S. Fremont Ave., Unit 51
Alhambra, CA 91803-4737

RE: Penny Lane Contract Review

Dear Mr. McCauley:

I have received your audit report regarding the contract review conducted by your team. The sections below correspond to the Recommendations listed in your report and will address the systems we have implemented to improve our compliance with our contract requirements.

Billed Services-Recommendation 1

Most of the concerns identified in our documentation relate to our Day Rehabilitation Program. We have put the following protocols in place to address the issues:

- The Residential Clinical Director compares the timesheets of the Day Rehab staff providing services in the program to the daily sign-in sheets each pay period, prior to signing her approval of their hours worked. During this review, the Residential Clinical Director verifies that the staff signed in and out for days they were present and that they did not sign in for days they were not present. She will also verify that the time sheet for each staff accurately reflects his/her actual hours worked and that we have sufficient staff to fulfill the ratio requirements during the hours of operation of the Day Rehab program.

- We have changed the process of completing the weekly summary reports so that the Day Rehab staff who provides services to clients in the Day Rehab program now completes these reports. This will allow the reports to reflect the name and signature of the person providing services, as required by the County contract.
- The weekly summary report has been modified to include: specific sections describing the client's overall quantifiable progress toward objectives (goals), client's overall and specific behaviors during weekly groups, staff interventions directed specifically toward the client's objectives (goals) and client's response(s) to the attempted interventions.
- Copies of the revised Sign in sheet and Weekly summary are enclosed for your review.

Two other progress notes were identified in your report that did not meet the documentation requirements. Specifically, one TCMS progress note did not describe placement, consultation and/or linkage, as required by the County contract. Also, one progress note describing the participation of two staff did not describe the specific contribution of each staff person, as required. In order to address the content of each progress note to ensure compliance with County requirements, our Quality Improvement Supervisors will review each progress note for appropriate content before the progress note is submitted for billing into the County's IS system. This will ensure that the documentation requirements for each progress note are met before submitting the units for reimbursement to the County.

Staffing Levels-Recommendation 2

In your review, you were unable to determine whether we maintained appropriate QMHP staff to client ratios in the Day Rehab program due to insufficient or inadequate documentation. This was mainly due to a discrepancy between the sign in sheets and the employees' timesheets. As mentioned above, we have addressed this issue by requiring the Residential Clinical Director to compare the sign in sheets to the employees' time sheets prior to approving their hours.

In your report, you indicated that for one session, the sign in sheet indicated that one staff person was present on a day that the employee did not work. We have researched this error and have found that the staff person did sign the sign in sheet in error for a day that he was on vacation. However, the other Qualified Mental Health Professional was present that day.

We believe that the procedures we have implemented to review the sign in sheets and time sheets will prevent these problems from recurring.

Service Levels-Recommendation 3

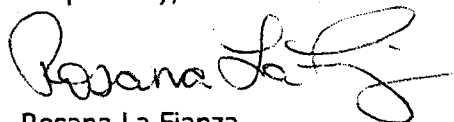
According to your review, although we operated within our overall contracted service levels, specific service categories varied significantly from our contracted service levels. Further, we did not request and receive authorization from the Department of Mental Health to vary our specific service levels.

In order to address this concern, the Director of Clinic Operations will monitor the service levels for each category on a monthly basis. If any of the actual service levels vary from the projected service levels by more than 10%, we will determine whether this trend will likely continue for the remainder of the fiscal year. If so, we will contact the Department of Mental Health for authorization to revise our projected service levels for each category.

All the protocols described in the preceding three sections have already been implemented. This includes the new forms for the Day Rehab program as well as all changes to our

procedures. It is our intention to comply with all requirements of our contract. We believe that the changes we have implemented will allow us to achieve this goal.

Respectfully,

A handwritten signature in black ink, appearing to read "Rosana La Fianza". The signature is fluid and cursive, with the first name "Rosana" being more prominent and the last name "La Fianza" following in a similar style.

Rosana La Fianza
Director of Clinic Operations

RL

Sign-In Sheet

Date of: / /

Time Out

Title

MH518
Revised 10/11/04

☐ -Day Treatment Intensive. Act Code 435 -X- Day Rehabilitative Act Code H2012 ☐ Day Socialization. Act Code
Location of Service: All services are provided at the certified site unless otherwise noted in the matrix below.

Monday	Tuesday	Wednesday	Thursday	Friday
Date:	Date:	Date:	Date:	Date:
Community Group Min.	Community Group Min.	Community Group min.	Community Group Min.	Community Group Min.
Skill Building Hour min.	Skill Building Group Hour min.	Skill Building Group Hour min.	Skill Building Group Hour min.	Adjunctive Group. Hour min.
Adjunctive Group Hour	Adjunctive Group Hour	Skill Building Group Hour	Process Group Hour	Adjunctive Group Hour
Community Meeting Min.	Community Meeting. Min.	Community Group. Min.	Community Meeting. Min.	Community Meeting. Min.
Process Group. Hour	Process Group Hour	Process Group Hour	Adjunctive Hour	Process Group. Hour
Closure, min.	Closure, min.	Closure, min.	Closure, min.	Closure, min.
Hr. Min	Hr. Min	Hr. Min	Hr. Min	Hr. Min

WEEKLY SUMMARY

Objective #1	
Objective #2	
Overall Quantifiable Progress Towards Objectives	

Weekly Groups	Client's Behavior	Staff Intervention(s) toward objectives & Client's response
Community Groups		
Skill Building Groups		
Adjunctive Groups		
Process Groups		

Monthly Family Contact	
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PLAN SECTION

Plan	Description
New Objective(s)	
New Group(s)	
New Group Topics	
New Intervention(s) toward objs.	

Therapist Name
Therapist Discipline and Title

This confidential information is provided to you in accord with applicable Welfare and Institutions Code Section. Duplication of this information for further disclosure is prohibited without the prior written consent of the patient/ authorized representative to who it pertains unless otherwise permitted by law. Destruction of this information is required after the stated purpose of the original request is fulfilled.	Name	MIS#:
	Agency: Penny Lane Centers Los Angeles County – Department of Mental Health	

DAY CARE NOTES